

soundness for the credit union system. There must be measures of appropriate capital in regards to risk on the balance sheet of corporate credit unions

We understand that some action will be necessary to restore confidence in the corporate system but do believe that a healthy corporate network is necessary to provide settlement, liquidity, and investment services to natural person credit unions.

Thank you for the opportunity to comment on this issue.

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Re: Comments on Advanced Notice of Proposed Rulemaking for Part 704

Payment Systems

It is our opinion that the need for the payment and settlement functions is critical to natural person Credit Unions. We use the corporate system for these critical functions and would not like to look else where to seek these services. The settlement and payment system should be protected and preserved.

Liquidity and Liquidity Management

Corporates have historically managed liquidity risks well and provided liquidity for their members. Providing liquidity is and should remain a function of corporate credit unions. The NCUA should take action to ensure the CLF can take full advantage to provide liquidity funding to the corporate credit union network.

Field of Membership Issues

I don't see this any differently than a natural person credit union's field of membership overlapping and do not think it was the cause of any situation we are in today. The natural person credit union should be allowed to select what services they want from the corporate system regardless of the location. Paid in capital should be required for credit unions to obtain services.

Corporate Governance

Corporate directors should be determined by member credit unions. Term limits should reside with the corporate board and their member credit unions not by NCUA. The NCUA should also leave the decision and number of outside directors to each corporate and their member owners but it should prohibit outside directors from outnumbering member credit unions directors.

Permissible Investments

Corporate investments should not just be limited to what a natural person credit union can do this would eliminate any margins. Expertise must be demonstrated by the corporate staff but there must be expert oversight on behalf of NCUA to ensure safety and